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This Week in Canadian Agriculture, Issue 36 2005

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Report Highlights:

* Countdown to Mandatory Nutrition Labeling Regulations on Prepackaged Foods * Lakeside Strike into Third Week; Meat Inspectors Won't Cross Picket Lines * Bill C-69 to Enhance Cash Advances to Farmers * Canada Issue Clarification That Avian Influenza Virus Not Present on Pigeon Exports * Major Poultry and Exotic Bird Show Cancelled Over Avian Flu Concerns * Hog Breeding Stock Expansion Over, Live Exports Down, More Hogs Fed in Canada * OFA Calls on Governments For More Money * Ottawa and Provinces Work Together For Softwood Solution * B.C.'s Coastal Forestry Industry Seeks Government Aid * CWB Denounces U.S. WTO Proposal

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Ottawa [CA1]
[CA]

This Week in Canadian Agriculture is a weekly review of Canadian agricultural industry developments of interest to the U.S. agricultural community. The issues summarized in this report cover a wide range of subject matter obtained from Canadian press reports, government press releases, and host country agricultural officials and representatives.

Disclaimer: Any press report summaries in this report are included to bring U.S. readership closer to the pulse of Canadian developments in agriculture. In no way do the views and opinions of these sources reflect USDA's, the U.S. Embassy's, or any other U.S. Government agency's point of view or official policy.

COUNTDOWN TO MANDATORY NUTRITION LABELING REGULATIONS ON PREPACKAGED

FOODS: In a few weeks time, on December 12, 2005, Canada's mandatory nutrition labeling regulations for prepackaged foods come into force. Only small manufacturers, domestic or foreign, with gross sales of C\$1 million or less in Canada have an additional two years to comply. The U.S. nutrition panel is not permitted on the labels of foods sold in Canada. U.S. prepackaged food product exporters are advised to familiarize themselves with Canadian nutrition labeling regulations and to bring their packaging into compliance to avoid entry refusals at the border or product detention. The Canadian Food Inspection Agency (CFIA) announced this week that its enforcement efforts would focus on domestic food manufacturers and on imported foods and reassured Canadian food retailers that it did not intend to vigorously enforce the new regulation on foods already on retail shelves that were purchased prior to the December 12, 2005 implementation date. Since restaurant-served food is not generally considered to be prepackaged, the requirements do not apply. If a restaurant chooses to provide nutrition information, the CFIA encourages presenting the same information that would appear in the Canadian Nutrition Facts table. For more information about Canadian nutrition labeling rules and samples of the Canadian style nutrition panel, go the following CFIA webpage: <http://www.inspection.gc.ca/english/fssa/labeti/nutrition-pagee.shtml>

LAKESIDE STRIKE INTO THIRD WEEK; MEAT INSPECTORS WON'T CROSS PICKET LINES:

There was a new twist in the sometime violent strike at the Lakeside beef plant in Brooks, Alberta. The strike is now in its third week. Although about 1,000 anti-union employees showed up for work, meat inspectors and veterinarians with the Canadian Food Inspection Agency (CFIA) reportedly refused to cross the picket lines. Because the plant cannot operate without government inspection, a Tyson Foods spokesperson said that the company is considering a lawsuit against the federal inspectors to recover financial damages caused by their action. According to press reports, the CFIA inspectors stopped going into the plant after their union, the Public Service Alliance of Canada, raised concerns about their safety, a point disputed by a Tyson company official.

BILL C-69 TO ENHANCE CASH ADVANCES TO FARMERS: This week, the Liberal government introduced in the House of Commons Bill C-69, an Act to amend the Agricultural Marketing Programs Act. The Bill, now in first reading, would enhance the cash advance program available to Canadian farmers. It would expand coverage to include producers of most agricultural products and increase the amount of cash advances, including the interest-free component. The amendment also proposes to consolidate the current cash advance programs administered separately by Agriculture and Agri-Food Canada, namely the Advance Payment Program (APP) and the Spring Credit Advance Program (SCAP). Coverage under these programs is currently restricted to field crops, maple syrup, fur, and honey. The proposed amendments would expand coverage to include most agricultural products, including livestock and storable crops (such as blueberries and cranberries), and broaden accessibility to these programs to most Canadian farmers. Bill C-69 proposes an increase in coverage levels. The interest-free component of the APP advance loans would increase from C\$50,000 to C\$60,000 and the overall limits on advances would rise to C\$300,000 from C\$250,000. The emergency cash advance provision would be broadened to cover additional agricultural products.

CANADA ISSUES CLARIFICATION THAT AVIAN INFLUENZA VIRUS NOT PRESENT ON PIGEON

EXPORTS: Australia lifted a ban on live bird imports from Canada imposed last week after some live pigeons from Canada tested positive for bird flu antibodies while being held in quarantine in Australia. The birds were later destroyed. The Canadian Food Inspection Agency issued a press release stating that the birds were neither clinically ill nor capable of making other birds or humans ill. Canadian and Australian animal health experts reportedly confirmed this determination. As no threat to human or animal health is present, Canada believes the interim import restrictions were unfortunate as Canada followed all Australian certification requirements for importing live birds. Canada remains free of highly

pathogenic avian influenza, including the H5N1 strain, which has been the focus of international attention. Because pigeons are commonly raised outdoors, there is speculation that exposure to wild birds, which are known carriers of the virus, may have resulted in the development of antibodies.

MAJOR POULTRY AND EXOTIC BIRD SHOW CANCELLED OVER AVIAN FLU CONCERNS: The Royal Agricultural Winter Fair, billed by promoters as the largest indoor exhibition of agriculture in North America, has cancelled the Poultry and Exotic Bird competition and show associated with this year's event to be held in Toronto early next month. A spokesperson said that although the risk avian flu is minimal, it felt the decision was the responsible thing to do in light of the recent attention surrounding the disease. The "Royal" attracts thousands of international visitors and livestock exhibitors from Canada and the United States. The organizers claim that educational exhibits and food safety demonstrations related to the commercial poultry industry will continue to have a very strong presence.

HOG BREEDING STOCK EXPANSION OVER, LIVE EXPORTS DOWN, MORE HOGS FED IN CANADA: Canadian hog farmers reported 14.910 million hogs on their farms as of October 1, 2005, down from the record 14.976 million head at July 1, 2005. Although the total inventory was still 1.7% above the same October date in 2004, breeding stock numbers slipped to 1.642 million head, the first final quarter decline in many years. Prices for hogs weakened in 2005, even though anti-dumping duties were lifted following an April 6, 2005, negative determination by the U.S. International Trade Commission. According to Statistics Canada, third quarter 2005 prices were 15.8% lower than the same quarter in 2004. Canadian hog slaughter has declined only modestly so far this year. During the first nine months of 2005, hog slaughter slipped 0.4% compared with same period in 2004. Fewer exports of live Canadian hogs to the United States in 2005 have led to higher inventories of market hogs to be fed in Canada. However, the Canadian hog industry is closely watching the anti-dumping and countervail trade case initiated by Canadian corn growers against imports of U.S. grain corn. Canadian hog farmers fear that an affirmative injury finding (decision due about November 15) and the possible imposition of anti-dumping and/or countervailing duties on U.S. corn (by about December 15) would immediately increase hog feeding costs in Canada and result in increased Canadian exports of live feeder-type hogs to the United States.

OFA CALLS ON GOVERNMENTS FOR MORE MONEY: The Ontario Federation of Agriculture (OFA) is calling for an immediate payment of \$100 million (CDN) from the Ontario and federal governments to cope with the poor 2004 and 2005 crop years. According to the OFA, farmers in Ontario are facing an income crisis due to low crop prices as a result of foreign government subsidies and are requiring help from governments in order to compete. In addition, the low crop prices make it difficult for producers to pay bills on the huge amounts of debt many are carrying. The OFA is also calling on the provincial government to increase the budget of the Ontario Ministry of Agriculture.

OTTAWA AND PROVINCES WORK TOGETHER FOR SOFTWOOD SOLUTION: According to *The Globe and Mail*, Canada's federal government and the three main softwood lumber producing provinces, Ontario, B.C. and Quebec are close to adopting a common negotiating strategy aimed at settling the ongoing softwood lumber dispute with the United States. The proposed solution is considered a hybrid of compromises. Quebec and Ontario have agreed to introduce self-imposed quotas on the lumber sold to the U.S., while B.C. would introduce a higher stumpage fee on its U.S. exports. In addition, there is indication that the federal government will be introducing financial assistance for Canadian softwood producers. The financial assistance would be a special fund to help producers while the Canadian government negotiates an agreement with the United States. The federal and provincial governments are awaiting today's ruling by the U.S. Department of Commerce on whether to maintain the tariffs on Canadian lumber exports. The governments have indicated that outcome of the ruling will provide evidence of whether or not the U.S. is serious about negotiating a settlement.

B.C.'s COASTAL FORESTRY INDUSTRY SEEKS GOVERNMENT AID: The coastal forestry industry is seeking assistance from Ottawa to help fund adjustment programs for workers facing job losses when old mills close and to provide investment incentives for needed new sawmills. According to the Coast Forest Products Association, the coastal industry is in a crisis. Since 2001, 14 coastal sawmills have shut down permanently, with two more closing up. More closures are expected. The industry is seeking investment and tax incentives to increase productivity, competitiveness and stability in the sector. In addition, the industry is also seeking funds for research and for developing new markets. The coastal industry has been undergoing a restructuring process, with major companies like TimberWest,

Weyerhaeuser and Interfor either moving out of the coast, diversifying or withdrawing from playing an active operational role in the area. Brascan Corp. has moved into the area and is playing a significant role in restructuring two major players, Western Forest Products and Cascadia Forest Products. Weyerhaeuser has sold its coastal operations. Interfor has three mills up for sale and has turned its focus to the U.S., where it has bought three mills and TimberWest has contracted out its logging operations and put its sole remaining sawmill up for sale.

CWB DENOUNCES U.S. WTO PROPOSAL: According to a Canadian Wheat Board (CWB) press release, the recent proposal put forward by the U.S. at the WTO would have almost no effect on current or future American spending on subsidies paid to U.S. farmers. The CWB indicates that the offer will not help level the playing field for western Canadian farmers. The CWB also disagrees with the U.S. demand that CWB's single-desk marketing structure be placed on the negotiating table. According to the CWB, Canada has already made significant concessions at the talks, including the elimination of CWB financial guarantees if a WTO agreement is reached, therefore meaningful concessions from other countries, including the U.S. must be made and it's current proposal does not make those.

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